GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1862
ANSWERED ON:03.08.2000
SUBSIDY TO CONSUMERS ON LPG CYLINDER
SUSHIL KUMAR SAMBHAJIRAO SHINDE

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of component of the price structure of each LPG domestic cylinder viz. cost of production, bottling, transport distribution etc.

(b) whether this price structure is on the lines of internationally settled price structure;

(c) if not, the reasons therefor; and

(d) the manner in which the subsidy is being distributed between the producers and distributors?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (d): The production cost of petroleum products can not be identified separately since all the products are produced jointly. The production cost for any company would include cost of crude oil, processing charges, marketing cost, filling charges, freight, distributors` commission, taxes, other duties etc. However, the oil companies are paid import parity price for LPG uplifted in bulk.The tariff adjusted import parity refinery gate price for the month of July 2000 has been provisionally fixed at Rs.14297.98/MT. As LPG is an essential fuel for domestic consumption, international prices are not being charged for LPG (Domestic) and the same is being subsidized. The current estimated subsidy on LPG (Domestic) cylinder is about Rs.125/cylinder.This subsidy is not borne by the producers or the distributors but is borne by the Oil Pool Account.